

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 839 - SB 1143

March 25, 2019

**SUMMARY OF ORIGINAL BILL:** Requires local courts to offer a person whose license has been suspended, the opportunity to submit proof of the person's financial inability to pay fines, taxes, and court costs of traffic citations. Authorizes such persons to request to enter into a payment plan with the court clerk and may be issued a restricted driver license until the licensee fully pays the money owed or it is waived by the courts. Authorizes the person, if deemed indigent by the court, to be issued a restricted driver license until the licensee fully pays the money owed or it is waived by the courts.

Deletes the provision that a default on a payment plan suspends the restricted license.

Authorizes persons whose driver license was suspended prior to July 1, 2019, for unpaid traffic citations due to financial inability to pay, to petition the court to enter into a payment plan and be issued a restricted driver license.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – Net Impact –

Exceeds \$402,700/FY19-20/Department of Safety

Exceeds \$7,600/FY20-21 and Subsequent Years/Department of Safety

Increase State Expenditures –

Exceeds \$14,200/FY19-20/Department of Safety

Exceeds \$2,400/FY20-21 and Subsequent Years/Department of Safety

**SUMMARY OF AMENDMENT (006228):** Deletes all language after the enacting clause. Requires any court that handles traffic citations to offer a payment plan. Requires any person that does not enter into a payment plan after being convicted of a driving offense to enter into one upon failing to timely pay fines and costs.

Requires a person who has been issued a Tennessee license and who has not paid all litigation taxes, courts costs, and fines assessed as a result of a disposition of any offense under criminal law, within one year of the date of completion of the sentence, to enter into an installment payment plan with the court clerk.

Authorizes a person to request modifications to a payment plan and is authorized to offer proof of proper payment, if notified by the courts of untimely payments. Requires the court clerks to

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notify a person and the Department of Safety (DOS) on any default on a payment plan. Requires DOS to notify a person who has defaulted on a payment plan of the pending suspension of their license and instruct the person to contact the appropriate court clerk, allowing 30 days for which the person must reestablish compliance with the payment plan, petition the court or show that they have, in fact, complied with the payment plan. Requires the court, upon failure to reestablish compliance, to order the suspension of the person's driver license and present the person a certified copy of the order. Authorizes such a person, upon presenting the order and an application fee of \$65 to DOS, the issuance of a restricted license.

Specifies that a restricted license issued under the proposed legislation is not subject to the requirement that the licensee give and maintain proof of financial responsibility prior to the issuance of the license.

Requires the court clerks to notify a person who is issued a restricted license and DOS on any default on a payment plan. Requires DOS to notify a person who has defaulted on a payment plan of the pending revocation of their license and instruct the person to contact the appropriate court clerk, allowing 30 days for which the person must reestablish compliance with the payment plan, petition the court or show that they have, in fact, complied with the payment plan. Requires the court, upon failure of compliance, to order the revocation of the person's restricted driver license by notifying DOS. Authorizes a person, within 6 months of revocation, whose license has been revoked to apply with the court clerks for certification of eligibility to be reissued a restricted license, provided that the person is actively participating in a payment plan.

Specifies that the suspended, revoked, or issuance of a restricted license applies until the person fully pays the moneys owed or are waived by the court. Authorizes persons whose driver licenses were suspended or revoked prior to July 1, 2019 for unpaid traffic citations or unsatisfied criminal offenses to apply with the court of original jurisdiction for an order reinstating their driver license, upon entering into a payment plan. Authorizes such a person, upon presenting the order to DOS, to be issued a driver license at no cost.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

### **Increase State Revenue –**

**Exceeds \$969,300/FY19-20 and Subsequent Years/Department of Safety**

### **Increase State Expenditures –**

**Exceeds \$103,200/FY19-20/Department of Safety**

**Exceeds \$29,700/FY20-21 and Subsequent Years/Department of Safety**

**Other Fiscal Impact – There should be additional revenue recognized by both state and local government as individuals enter into payment plans for various unpaid obligations. The timing and extent of any such additional revenue cannot be determined due to unknown factors.**

Assumptions for the bill as amended:

- In 2017 and 2018, a total of 125,935 persons with suspended licenses due to unsatisfied traffic citations had their licenses reinstated, averaging 62,968 each year  $[(65,751 \text{ in } 2017 + 60,184 \text{ in } 2018) / 2]$ .
- It can be reasonably estimated that this represents a number similar to the total installations of payment plans for traffic citations each year.
- Under the provisions of this legislation, it can be reasonably estimated that at least 20 percent of that figure will enter into payment plans with the courts and subsequently default on such payment plans and will be issued restricted licenses, resulting in the issuance of 12,594 restricted licenses  $(62,968 \times 20\%)$  that otherwise would not have been issued under current law.
- The recurring increase in state revenue to DOS related to these licensees is expected to exceed \$818,610  $(12,594 \times \$65 \text{ fee})$ .
- Between 2013 and 2016, an average of 11,588 persons with revoked licenses due to unsatisfied criminal court costs had their driver licenses reinstated  $[(8,128 \text{ in } 2013 + 13,840 \text{ in } 2014 + 12,160 \text{ in } 2015 + 12,225 \text{ in } 2016) / 4]$ .
- It can be reasonably estimated that this represents a number similar to the total installations of payment plans for criminal court costs each year.
- Under the provisions of this legislation, it can be reasonably estimated that at least 20 percent of this figure will default on payment plans and will be issued a restricted license, resulting in the issuance of 2,318 restricted licenses  $(11,588 \times 20\%)$  that otherwise would not have been issued under current law.
- The recurring increase in state revenue to DOS related to these licensees is expected to exceed \$150,670  $(2,318 \times \$65 \text{ fee})$ .
- The total recurring increase in state revenue to DOS in FY19-20 and subsequent years is estimated to exceed \$969,280  $(\$818,610 + \$150,670)$ .
- It costs DOS \$1.99 to print a license.
- The recurring increase in state expenditures to DOS related to restricted driver licenses from unpaid traffic citations is expected to exceed \$25,062  $(12,594 \times \$1.99)$ .
- The recurring increase in state expenditures to DOS related to failure to satisfy criminal offenses is expected to exceed \$4,613  $(2,318 \times \$1.99)$ .
- According to DOS, there are currently 589,576 outstanding suspensions for failure to pay citations.
- Under the provisions of this legislation, those people having outstanding suspensions prior to July 1, 2019, may enter into a payment plan and be issued a driver license at no cost.
- It is estimated that at least one percent, or a minimum of 5,896, will enter into payment plans and qualify to receive a free driver license in the first year after enactment.
- The increase in state expenditures in FY19-20 related to such persons is estimated to exceed \$11,733  $(5,896 \times \$1.99)$ .
- According to DOS, there are currently 89,196 outstanding revocations for failure to satisfy criminal offenses.

- Under the provisions of this legislation, those people having outstanding revocations prior to July 1, 2019, may enter into a payment plan and be issued a driver license at no cost.
- It is estimated that at least one percent, or a minimum of 892, will enter into payment plans and qualify to receive a free driver license in the first year after enactment.
- The increase in state expenditures in FY19-20 related to such persons is estimated to exceed \$1,775 (892 x \$1.99).
- Based on information provided by DOS and verified by the third-party vendor responsible for the driver license system, the cost to perform a system modification to accommodate new evaluation rules and action codes is estimated to be a one-time state expenditure exceeding \$60,000.
- The total increase in state expenditures in FY19-20 to DOS is estimated to exceed \$103,183 (\$25,062 + \$4,613 + \$11,733 + \$1,775 + \$60,000).
- The total recurring increase in state expenditures in FY20-21 and subsequent years related to printing licenses is estimated to exceed \$29,675 (\$25,062 + \$4,613).
- If drivers obtain a restricted license while on a court payment plan and are not re-suspended for default on the payment plan, DOS will no longer process defaults on these drivers and no longer assess a reinstatement fee for future defaults.
- The provisions of this legislation may alter the timing of revenue collected for unpaid citations, the impact of which cannot be reasonably determined.
- Pursuant to Tenn. Code Ann., § 55-50-502(j), any person whose license has been suspended for having been convicted of a driving offense, and for the subsequent failure to pay a fine or cost imposed for that offense, may apply to the court for the issuance of a restricted license. The court shall order the person whose license has been suspended to make payments to the court during the period of restricted license, as a condition of receiving the restricted license, in an amount reasonably calculated to fully pay the moneys owing the court during the period of the restricted license. Failure to timely make the payments as ordered by the court shall result in the suspension of the restricted license.
- Local court clerks are currently accustomed to initiating payment plans for individuals to pay fines and court costs; therefore, it is estimated the provisions of the bill can be accomplished within existing resources, and there will be no significant impact to state and local revenue with respect to fines and court costs.
- Pursuant to Tenn. Code Ann. § 55-12-114(b), prior to the issuance of a restricted license, the licensee shall give and maintain for the duration of the license's suspension or revocation proof of financial responsibility.
- Specifying that a restricted license issued under this legislation is not subject to such requirement will not result in a significant fiscal impact to state or local government.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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